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INFO RUEHOS/AMCONSUL LAGOS PRIORITY 2146
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RUEHZK/ECOWAS COLLECTIVE
RHEBAAA/DEPT OF ENERGY WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L ABUJA 001942

NOFORN
SIPDIS

DEPT PASS USAID/AFR/SD FOR CURTIS, ATWOOD AND SCHLAGENHAUF
DEPT PASS TO USTDA-PAUL MARIN, EXIM-JRICHTER
DEPT PASS USTR FOR AGAMA
JOHANNESBURG FOR NAGY
USDOE FOR GEORGE PERSON
TREASURY FOR PETERS, SOLOMON AND RITTERHOFF

E.O. 12958: DECL: 02/04/2029

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SUBJECT: SENATE COMMITTEE TO COMPLETE RECOMMENDATIONS ON PIB THIS WEEK

Refs: A) ABUJA 01907, B) ABUJA 01836, C) LAGOS 00393

Classified By: Deputy Chief of Mission Dundas C. McCullough for reasons 1.4. (b & d).

¶1. (C) Petroleum Resources Upstream Committee Chairman and Petroleum Industry Bill (PIB) Committee Chairman Senator Lee Maeba told Energy Officer on October 14 that the PIB committee would travel to Calabar on October 18 and return to Abuja October 22 to "review their consultant's report and accept or edit each paragraph so the bill will be ready for Senate approval".

¶2. (C) Maeba added that he was upset with the National Nigerian Petroleum Company (NNPC) for "rewriting the PIB with edits from a variety of stakeholders, specifically themselves". (NOTE: The NNPC did edit the proposed PIB and distributed as if it was an authorized second draft. This was discussed and nullified at the public hearings in July. END NOTE.) Maeba continued that he did not appreciate NNPC lobbying all around him and not directly with him. He said he was disappointed that "no one" had come to him directly on the bill. He then corrected himself and recalled the Ambassador's August 4 letter on the subject which he appreciated. Maeba indicated that Shell had been to see him for the first time on October 13. He seemed sympathetic to Shell's concerns but he nevertheless told the Shell representatives to speak with the committee's consultants. (NOTE: The Shell visitors were EVP for Shell Companies in Africa Ann Pickard and Consultant for Shell Companies in Peter Francis, who had called on the Embassy earlier that day. See Reftel A for additional details. END NOTE.)

Senator Notes Personal Observations of the PIB

¶3. (C) Maeba offered his personal observations of concern with the PIB.

--He believes "The Minister should not have the authority to approve oil blocks. Rather, there should be a Commission headed by the President with the Minister as a member."

--He argues that "The General Managing Director (GMD) of NNPC should have a job description with qualifications within the bill." The GMD he opined should be "credentialed with oil field experience, not a political appointee or social scientist such as Dr. Barkindo".

--He is fully supportive of incorporated "joint ventures (IJV) including lifting by each".

--He contends that the oil revenues should go to "directly to the Treasury, not through the NNPC".

--He is in favor of downstream deregulation.
--He thinks "There needs to be room for indigenous oil and gas operators. Fifty years of exploration and product delivery and Nigeria is still not competitive on its own."

Help Requested to Make the Committee More Effective

14. (C) Maeba continued with a request for USG assistance for capacity building for key staff members of his committee. He would also like to establish an investigative arm to audit the NNPC on the movement of money. He believes the Nigeria Extractive Industries Transparency Initiative (NEITI) does not have an adequate budget to do the job. Maeba concluded that he would like to speak to the Ambassador and Department of State Energy Coordinator David Goldwyn about how the USG could support this need.

MCCULLOUGH